it will be possible for us to secure payment even for all the civilian damage that we have suffered.

It thus appears that the net cost of the fighting period has been somewhere in the neighbourhood of £5500 millions, taking our loans to Allies at half their face value; and that the armistice and de-mobilisation period is likely to cost another ^1000 to £1500 millions more, to say nothing of pensions and debt charge that will go on for years (unless the supporters of Levy on Capital have their way and wipe the debt out), and that against this further expenditure we can set whatever sum is recovered from Germany.

Seeing that our total pre-war debt was £710! millions, or, omitting what the Government returns call the Other Capital Liabilities, £653! millions, these figures of war debt and war cost are at first sight somewhat appalling. But there is no reason why they should terrify us, and there are several reasons why they are, when looked at with a dis-criminating eye, much less frightening than when we first set them out.

In the first place, we have always to remember that these figures are in after-war pounds, and that the after-war pound is, thanks to the profligate use by our war Governments of the printing-press and the banking machine, just about half the size, when measured in actual buying power, of the pre-war pound. Any one who pays *£100* in taxes

to-day
thereby surrenders claims to about the same amount
of goods and~service as he did if he paid
^50 in taxes
before the war. So that in making any
comparison